

## SECTION 8 – ACCOUNTING RECORDS AND REPORTS

### A. ANNUAL FINANCIAL REPORTS AND ACCOUNTING SYSTEM

The Concession Contractor shall maintain a financial accounting system under which its accounts can be readily identified with its system of accounts classification. Such an accounting system shall be capable of providing the information required by this Concession Contract, including, but not limited to, the Concession Contractor's RAFI and the Supplemental Surcharge obligations. The Concession Contractor's system of accounts classification shall use, without exception and without modification unless approved by Reclamation, the Concession Contractor annual financial reports provided in Exhibit J to this Concession Contract.

***The Concession Contractor shall follow Generally Accepted Accounting Principles (GAAP) in recording financial transactions and in reporting results to the authorized officer. An income-tax basis of accounting following, Statement of Auditing Standards (SAS) No. 62, entitled "Special Reports", may be substituted for a GAAP based system with prior approval by Reclamation. The minimum acceptable accounting system shall include:***

1. Systematic internal controls and recording by kind of business the gross receipts derived from all sources of business conducted under this authorization. Receipts should be recorded daily, and if possible, deposited into a bank account without reduction by disbursements. Receipt entries shall be supported by source documents such as cash register tapes, sale invoices, rental records, and cash accounts from other sources.
2. A permanent record of investments in facilities (depreciation schedule) current source documents for acquisition costs of capital items.
3. Preparation and maintenance of such special records and accounts as may be specified by the authorized officer.
4. Bank accounts will be maintained separately for the businesses conducted under this permit and not commingled with those for other businesses of the Concession Contractor.
5. The holder shall retain the above records and keep them available for audit for 5 years after the end of the year involved.

The Concession Contractor must use the accrual accounting method. If annual gross revenues do not exceed \$250,000, the Concession Contractor's financial statements and Annual Financial Reports may be prepared and submitted without a review or audit opinion of an independent certified public accountant (CPA), unless otherwise directed by Reclamation.

If the annual gross revenues of the Concession Contractor exceed \$1,000,000, the required AFR Schedules and financial statements must be audited by an independent

CPA in accordance with the standards and procedures as are applicable for the year of the audit promulgated by the American Institute of Certified Public Accountants (AICPA).

If annual gross revenues exceed \$250,000 but not \$1,000,000, the required AFR Schedules and any financial statements must be reviewed by an independent CPA in accordance with the standards and procedures as are applicable for the year of the review promulgated by the AICPA.

In computing net profits for any purposes of this Concession Contract, the Concession Contractor shall keep its accounts in such manner that there can be no diversion or concealment of profits or expenses in the operations authorized under this Concession Contract by means of arrangements for the procurement of equipment, merchandise, supplies, or services from sources controlled by or under common ownership with the Concession Contractor or by any other device including, but not limited to, management fees.

The Concession Contractor shall submit annually, as soon as possible but not later than 120 days after the last day of its fiscal year, a financial statement for the preceding fiscal year or portion of a year, as prescribed by Reclamation in the Financial Report in Exhibit J. The Concession Contractor shall use the format prescribed in Exhibit J.

## **B. BALANCE SHEET**

Within 90 days after the execution of this Concession Contract or its effective date, whichever is later, the Concession Contractor shall submit to Reclamation a balance sheet as shown in Schedule B of Exhibit J as of the beginning date of the term of this Concession Contract. If the Concession Contractor is a going concern before the effective date of this Concession Contract, the balance sheet shall be reviewed or audited by an independent CPA, as determined by the annual gross revenues (see Part A above).

## **C. OTHER REPORTING REQUIREMENTS**

The following describes certain other reports required under this Concession Contract:

### **1. Reserve Account Reconciliation**

The RAFI reconciliation shall be received by Reclamation within 30 days after the last day of each month that the Concession Contractor operates. The Concession Contractor is required to utilize the monthly RAFI activity report form in Exhibit K without alteration and without modification. The Concession Contractor shall submit annually, not later than 120 days after the end of the Concession Contractor's fiscal year, a statement reflecting total activity in the RAFI for the preceding fiscal year. The Concession Contractor is required to utilize the Reserve Account Annual Reconciliation Schedule provided in Schedule N in Exhibit J, without alteration and without modification.

**2. Supplemental Surcharge Reconciliation (If Needed)**

The Supplemental Surcharge reconciliation shall be received by Reclamation within 30 days after the last day of each month that the Concession Contractor operates. The Concession Contractor is required to utilize the Supplemental Surcharge report (Schedule Q) in Exhibit J without alteration and without modification unless Reclamation agrees to otherwise. The Concession Contractor shall submit annually, not later than 120 days after the end of the Concession Contractor's fiscal year, a statement reflecting total activity in the Supplemental Surcharge account for the preceding fiscal year utilizing reports in Exhibit J. (Schedules R and S)

**3. Insurance Certification**

The Concession Contractor shall submit insurance certification as specified in Section 7 of this Concession Contract and including, but not limited to, Exhibit I, and as otherwise required by Reclamation under the terms of this Concession Contract.

**4. Environmental and Risk Management Reporting**

The Concession Contractor shall submit environmental and risk management reports as specified in Section 3 of this Concession Contract and as otherwise required by Reclamation under the terms of this Concession Contract.

**5. Miscellaneous Reports and Data**

Reclamation, from time to time, requires the Concession Contractor to submit other reports and data regarding its performance under the Concession Contract or otherwise, including, but not limited to, data Reclamation requires to complete its Recreational Use Data Report and the Concession Use Data Report.